

Message Text

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ORIGIN IO-13

INFO OCT-01 AGRE-00 USIE-00 AID-05 EB-08 EUR-12 COME-00
ISO-00 TRSE-00 /039 R

DRAFTED BY IO/AGR:PJBYRNES:JBS
APPROVED BY IO:CWMAYNES
EB:PTAYLOR
AID/PPC:PSALES
IO/DHP:CENORRIS
IO/EX/IR:JHURT
IO/IBS:JFOX
SDA:RPHILLIPS
USDA:DHATHAWAY

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O 230053Z APR 77
FM SECSTATE WASHDC
TO AMEMBASSY ROME IMMEDIATE

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FODAG, FOR AMBASSADOR GARDNER FROM MAYNES

E.O. 11652: N/A

TAGS: AORG, EAGR, FAO

SUBJECT: FAO PROGRAM OF WORK AND BUDGET 1978.79

1. UNLESS YOU PERCEIVE OBJECTION, WOULD APPRECIATE IT IF
YOU AND COUNSELOR NORRED WOULD SEEK AN APPOINTMENT WITH
FAO DIRECTOR GENERAL SAOUMA TO DISCUSS FOLLOWING ISSUES IN
HIS PROPOSED PROGRAM OF WORK AND BUDGET FOR 1978-79 AND
SOME AFFECTING FAO'S FUTURE RELATIONS WITH THE UNDP. AN
EARLY APPROACH IS ADVISABLE SINCE WE WOULD LIKE TO REACH
A MUTUAL AGREEMENT ON ISSUES WHICH CURRENTLY ARE TROUBLE-
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SOME FOR US AND COULD UNDERCUT FUTURE U.S. SUPPORT FOR THE
ORGANIZATION IF NOT RESOLVED.

2. IN ASKING YOU TO MEET WITH SAOUMA WE ARE VERY MUCH
AWARE THAT HE WILL HAVE DIFFICULTY CHANGING PROPOSALS
WHICH ALREADY ARE IN PRINT AND DISTRIBUTED TO MEMBERS.
HOWEVER, IF HE DOES NOT ALTER THESE PROPOSALS IT IS ALMOST
CERTAIN THAT HE WILL FIND US OPPOSING HIS OVERALL BUDGET
AND SPECIFIC COMPONENTS THEREOF IN 71ST COUNCIL (JUNE
6-17). WE KNOW OTHER MAJOR DONORS ARE EQUALLY CONCERNED

ABOUT THESE MATTERS AND WILL TAKE LARGELY SIMILAR POSITIONS. IT IS NOT IN HIS INTEREST TO RISK CONFRONTATION THIS EARLY IN HIS TERM OF OFFICE AND IT IS NOT OUR WISH TO BE IN A POSITION WHERE WE APPEAR TO BE TURNING AGAINST A DG WHOM

WE HELPED ELECT AND HAVE SUPPORTED AND ENCOURAGED AS HE HAS MOVED TO REORIENT FAO ACTIVITIES.

3. THE SPECIFIC ISSUES ARE (A) THE CONTINUATION OF A TECHNICAL COOPERATION (TCP) COMPONENT IN THE REGULAR BUDGET, (B) THE PROPOSED CARRY OVER OF 1976-77 UNUSED TCP FUNDS INTO 1978-79, (C) THE PROPOSAL TO ESTABLISH FORTY-SEVEN FAO COUNTRY REPRESENTATIVES BY THE END OF 1979, (D) THE OVERALL 1978-79 BUDGET LEVEL AS PROPOSED, AND (E) THE OVERHEAD REIMBURSEMENT ISSUE ON PROJECTS EXECUTED BY FAO FOR UNDP.

4. ON (A) THE CONTINUATION OF A TCP COMPONENT IN THE REGULAR BUDGET IN 1978-79 WE ARE STRONGLY OPPOSED. OVER THE OBJECTIONS OF A NUMBER OF MAJOR DONORS WE ENDORSED ESTABLISHING THE PROGRAM, THROUGH THE USE OF SAVINGS, ON AN EXPERIMENTAL BASIS IN 1976-77 BUT SERIOUSLY QUESTION NOW WHETHER IT CONTINUES TO BE ADVISABLE AND BELIEVE IT WOULD BE COUNTER-PRODUCTIVE TO THE UN DEVELOPMENTAL PROCESS IN THE LONG RUN. THE TCP AS WE HAVE OBSERVED IT TO DATE HAS BEEN USED FOR BOTH EMERGENCY ASSISTED LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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TANCE AND SHORT TERM TECHNICAL ASSISTANCE AND THESE SEGMENTS NEED TO BE ADDRESSED SEPARATELY.

5. ON THE EMERGENCY ASSISTANCE SIDE, WE BELIEVE THE DG IS CORRECT IN INSISTING ON SOME LEVEL OF RESOURCES FOR SHORT TERM ASSISTANCE TO COUNTRIES IN DISASTER OR EMERGENCY SITUATIONS. THAT SUCH FUNDS WERE NOT PREVIOUSLY IN FAO'S BUDGET WAS UNFORTUNATE. WE WILL SUPPORT RETAINING A SEPARATE ALLOCATION FOR EMERGENCIES IN 1978-79 AND FUTURE YEARS BUT DO NOT BELIEVE AN OVERLY LARGE AMOUNT WOULD BE NECESSARY. IF EXPERIENCE IN 1976-77 PROVIDES A GOOD GUIDE THIS COULD BE CONSIDERED OR PERHAPS DOLS 5 MILLION PER BIENNIUM MIGHT BE INCLUDED IN 1978-79. SINCE ALL OF SUCH EMERGENCY FUNDS MIGHT NOT BE REQUIRED IN A GIVEN BIENNIUM WE WOULD PROPOSE ANY UNUSED PORTION BE CARRIED FORWARD AND USED TO REDUCE THE AMOUNT OF RESOURCES WHICH WOULD BE NECESSARY TO KEEP THE FUND AT AN ESTABLISHED REASONABLE LEVEL.

6. OUR CONSIDERATION OF THE TECHNICAL ASSISTANCE ISSUE HAS LED US TO A DIFFERENT CONCLUSION, HOWEVER. WE BELIEVE A TURNING POINT HAS BEEN REACHED CONCERNING UNDP'S FINANCIAL SITUATION AND THERE WILL BE LESS FUTURE NEED FOR

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7. BUT CONTINUED GROWTH WILL REQUIRE STRONG U.S. EXECUTIVE AND LEGISLATIVE BRANCH SUPPORT FOR UNDP AND A CONVICTION THAT THE UN SYSTEM IS HANDLING TECHNICAL ASSISTANCE ACTIVITIES THROUGH A WELL COORDINATED AND EFFECTIVELY MANAGED SYSTEM. WITHIN THE U.S., AND A NUMBER OF OTHER GOVERNMENTS, THERE ARE STRONG VIEWS THAT FUNDING TECHNICAL ASSISTANCE FROM BOTH VOLUNTARY AND ASSESSED BUDGETS AND THROUGH VARIOUS INSTITUTIONS IS FRAGMENTING THE SYSTEM UNDERMINING THE 1970 CONSENSUS REGARDING THE UNDP AND THE SPECIALIZED AGENCIES AND WILL THEREFORE ULTIMATELY DESTROY THE SUPPORT WHICH IS VITAL FOR FUTURE CONTINUATION. THE UNITED STATES CLEARLY DESIRES TO FUND TECHNICAL ASSISTANCE THROUGH THE UNDP AND WE WILL DO ALL WE CAN TO ENSURE THAT AGRICULTURE RECEIVES ITS NORMAL IF NOT A GREATER SHARE OF AVAILABLE RESOURCES.

8. OUR HOPE, THEREFORE, IS THAT THE DG WILL USE THE UPCOMING PROGRAM AND FINANCE COMMITTEE DELIBERATIONS AS AN AVENUE FOR ALTERING HIS PROPOSED DOLS 20 MILLION TECHNICAL COOPERATION PROGRAM FOR 1978-79. WE HOPE HE WILL DRAW ON THE "LIGHT AT THE END OF THE TUNNEL" SITUATION IN UNDP AND SUGGEST ONLY AN EMERGENCY RESERVE WHICH WE WILL BE PREPARED TO FULLY ENDORSE IN THE COUNCIL. THIS WOULD MEAN FREEING DOLS 15 MILLION OF RESOURCES FROM HIS PROPOSED LEVEL OF DOLS 206.8 MILLION. WHILE OUR PREFERENCE WOULD BE TO SEE THE PROPOSED LEVEL REDUCED BY THIS AMOUNT, WE WOULD KEEP AN OPEN MIND ON THIS AND BE PREPARED TO WORK CLOSELY WITH HIM BETWEEN NOW AND THE JUNE COUNCIL TO IDENTIFY REGULAR PROGRAM PRIORITY AREAS WHICH MIGHT BE STRENGTHENED THROUGH THE USE OF PART OR ALL OF THESE RESOURCES. TIME CONSTRAINTS AND A DESIRE NOT TO UNDO THE GOOD WORK THE DG HAS DONE ON REDUCING PERSONNEL, MAKES IDENTIFYING THESE PRIORITY AREAS EXTREMELY DIFFICULT BUT WE WOULD WORK CONSCIENTIOUSLY WITH THE DG TO SEE WHAT COULD BE DEVELOPED.

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9. RECOGNIZING THAT "PIPELINE RESOURCES" ARE LESS IMPOR-
TANT TO A DG THAN MONEY IN HAND, WE WILL ALSO WITHDRAW
OUR OBJECTION TO HIS PROPOSAL TO CARRY UNUSED 1976-77
TCP RESOURCES INTO THE NEW BIENNIUM (POINT B) IN PARA 3
ABOVE). ON A SHORT TERM BASIS UNTIL UNDP RESOURCES ARE

RESTORED THESE FUNDS SHOULD BE USEFUL IN SUPPORTING UNDP
ACTIVITIES WHICH FAO UNDERTOOK TO FINANCE BECAUSE OF THE
EARLIER UNEXPECTED SHORTAGE OF RESOURCES.

10. ON (C) THE DG'S PROPOSAL TO FULLY FUND 47 FAO
REPRESENTATIVES BY THE END OF 1979, WE CAN PLEDGE FULL
SUPPORT. IN THIS REGARD, WE RELY HEAVILY ON THE DG'S
VIEW THAT THESE OFFICES SHOULD BE ESTABLISHED ON A CASE-
BY-CASE BASIS AND ONLY WHEN ESSENTIAL TO ENSURE EFFECTIVE
FAO RELATIONSHIPS WITH THE MEMBER COUNTRY. WE APPRECIATE
THE DIRECTOR-GENERAL'S ASSURANCE THAT HE WILL GIVE FULL
ATTENTION TO PROPER COORDINATION AT THE COUNTRY LEVEL
IN THE SPIRIT OF THE CONSENSUS AND WE WILL INSIST IN OUR
TALKS WITH UNDP THAT THIS COOPERATION MUST BE RECIPRO-
CATED. IT IS TO FAO'S CREDIT THAT MOST REPORTS FROM OUR
FIELD MISSIONS HAVE HIGHLIGHTED THE FACT THAT THE FAO
TCP ACTIVITIES WERE FULLY COORDINATED WITH THE RESREP.
WE HOPE THE DG WILL MAKE SEPARATE OFFICE ACCOMMODATIONS
FOR HIS REPRESENTATIVES AN EXCEPTION RATHER THAN THE RULE
SINCE WE BELIEVE A CLOSER, MUTUALLY BENEFICIAL RELATION-
SHIP CAN BE FACILITATED BY JOINT ARRANGEMENTS IN MOST
CASES, AND WHEN GOVERNMENTS DO NOT INSIST OTHERWISE.

11. AS INDICATED IN PARA 8 WE COULD SUPPORT THE DG'S
PROPOSED BUDGET LEVEL (DOLS 206.8 MILLION) IF THE TCP
COMPONENT (EXCEPT FOR EMERGENCIES) CAN BE REMOVED AND
PROVIDED SUFFICIENT HIGH PRIORITY ACTIVITIES CAN BE
IDENTIFIED TO USE THE FREED RESOURCES. THIS DOES NOT MEAN
COMPLETE HAPPINESS WITH AN INCREASE OF THAT MAGNITUDE BUT
WE RECOGNIZE THE DG HAS MADE STRONG EFFORTS TO MAKE FAO
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MORE ACTION ORIENTED AND WOULD NOT WANT OPPOSITION TO HIS
BUDGET TO UNDERCUT HIM. WE WANT A STRONG, EFFECTIVE FAO
AND BELIEVE HE HAS THE DETERMINATION AND CAPACITY TO BRING
THIS ABOUT.

12. ON THE FINAL POINT, I.E., OVERHEAD COSTS, WE APPRECI-
ATE WHY THIS IS A SENSITIVE AND CRUCIAL ISSUE FOR FAO.
IN TALKS WITH UNDP OFFICIALS WE HAVE URGED THEY DO

NOTHING TO ALTER THE PRESENT SYSTEM OF PAYING A 14 PERCENT OVERHEAD AND HAVE THE IMPRESSION THAT UNDP STANDS READY TO RECOMMEND CONTINUATION OF THE PRESENT SYSTEM AT THE GOVERNING COUNCIL IN JUNE. THE UNITED STATES WILL STRONGLY SUPPORT THIS POSITION.

13. NOTE: MOST OF THESE ISSUES WERE RAISED PRELIMINARILY BY SAOUMA WHEN HE VISITED WASHINGTON SO HE IS GENERALLY AWARE OF OUR CONCERNS. HE MAY ALSO BE AWARE OF THE RECENT GENEVA GROUP CONSULTATIONS IN WHICH ALARM WAS RAISED BY ALMOST ALL COUNTRIES ABOUT HIS TCP PROPOSALS. WHILE IT IS

CONCEIVABLE THAT HE MAY THINK HE CAN NOT ABANDON THE TCP FOR POLITICAL REASONS, OUR ACQUIESCENCE ON THE BUDGET LEVEL AND WILLINGNESS TO SUPPORT AN EMERGENCY RESERVE SHOULD NOT BE TAKEN LIGHTLY. HE HAS THE OPPORTUNITY TO MOVE AHEAD WITH THE ASSURANCE OF AMPLE RESOURCES AND A UNIFIED COUNCIL OR FACE A SITUATION WHERE MOST MAJOR DONORS VOTE AGAINST HIS BUDGET BECAUSE THEY CANNOT ACCEPT THE TCP. THE LATTER WOULD HURT HIM AND FAO AND BRING GREATER TENSION INTO COUNCIL AND CONFERENCE DELIBERATIONS. I WOULD BE GLAD TO DISCUSS ANY PARTS OF THE ABOVE WITH YOU BY PHONE BEFORE YOU SEE THE DG AND PROVIDE ANY ADDITIONAL INFORMATION WHICH WOULD BE HELPFUL. PLEASE INFORM SAOUMA WE HAVE NOT DISCUSSED THE CONTENTS OF THIS MESSAGE WITH ANY OTHER MEMBER AND ARE WITHHOLDING OUR USUAL PRE-COUNCIL CONSULTATION WITH THE MAJOR DONORS PENDING YOUR DISCUSSION.

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14. WE HOPE THE DG WILL NOT DO SO BUT SHOULD HE LINK SUPPORT FOR HIS PROPOSALS WITH OUR ABILITY TO FILL A GREATER NUMBER OF FAO SENIOR POSITIONS WITH AMERICANS, YOU MIGHT EXPRESS THE STRONG HOPE THAT HE WILL ADDRESS THESE ISSUES SEPARATELY. FROM OUR EARLIEST DISCUSSIONS WITH SAOUMA WE HAVE APPRECIATED THAT WE CAN SPEAK FRANKLY AND DIRECTLY WITH HIM, EVEN ON MATTERS ON WHICH WE HAVE DIFFERING VIEWS. WE THINK IT WOULD BE HIGHLY INAPPROPRIATE FOR HIM, OR ANY OTHER EXECUTIVE HEAD, TO MAKE SUPPORT FOR PROGRAM OR BUDGETARY PROPOSALS A PRECONDITION TO THE EMPLOYMENT OF AMERICANS. HE HIMSELF SHARPLY CRITICIZED TO ME ALLEGED CANADIAN EFFORTS (WHICH THE CANADIANS DENY) TO LINK THEIR DESIRE FOR TOP WORLD FOOD PROGRAM POST WITH THEIR POSITION ON CONTRIBUTIONS. HE MAY BE ASSURED THAT UNITED STATES VIEWS CONCERNING FAO REFLECT OUR LONG-RANGE INTEREST IN THE ORGANIZATION AND THAT THE SAME IS TRUE OF OUR OFFER TO MAKE A GREATER NUMBER OF WELL QUALIFIED PERSONS AVAILABLE FOR FAO SERVICE.

15. THERE ARE ADDITIONAL MATTERS WHICH SAOUMA MIGHT WISH TO ADDRESS, I.E., THE WORLD FOOD COUNCIL, IFAD, ETC.,

BUT WE WOULD HOPE HE ALSO COULD LOOK AT THOSE SEPARATELY AND LATER. ANOTHER ISSUE, SAOUMA'S PROPOSED POST-HARVEST LOSSES FUND, ALSO WARRANTS SEPARATE CONSIDERATION. IN THE COAG MEETING (APRIL 20-28) WE WILL PROPOSE AN ALTERNATIVE, BUT CONSTRUCTIVE POSSIBILITY, AND WILL WORK CLOSELY WITH HIM IN ACHIEVING A SIGNIFICANT REDUCTION IN FOOD LOSSES. WE ARE ATTEMPTING TO BE PRACTICAL AND SUPPORTIVE IN THIS APPROACH AND HOPE YOU WILL USE YOUR UNIQUE SKILLS IN CONVEYING THIS TO THE DG. WE HOPE HE WILL MOVE QUICKLY TO MODIFY HIS PROPOSALS IN THE PROGRAM AND FINANCE COMMITTEE MEETINGS WHICH BEGIN APRIL 25.

16. FODAG. PHILLIPS EXPECTING MESSAGE. HE SHOULD HAVE COPY ASAP.

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FOLLOWING REPEAT STATE 091895 ACTION ROME APR 23.

QUOTE LIMITED OFFICIAL USE STATE 091895

FODAG, FOR AMBASSADOR GARDNER FROM MAYNES

E.O. 11652: N/A

TAGS: AORG, EAGR, FAO

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YOU MIGHT EXPRESS THE STRONG HOPE THAT HE WILL ADDRESS THESE ISSUES SEPARATELY. FROM OUR EARLIEST DISCUSSIONS WITH SAOUMA WE HAVE APPRECIATED THAT WE CAN SPEAK FRANKLY AND DIRECTLY WITH HIM, EVEN ON MATTERS ON WHICH WE HAVE DIFFERING VIEWS. WE THINK IT WOULD BE HIGHLY INAPPROPRIATE FOR HIM, OR ANY OTHER EXECUTIVE HEAD, TO MAKE SUPPORT FOR PROGRAM OR BUDGETARY PROPOSALS A PRECONDITION TO THE EMPLOYMENT OF AMERICANS. HE HIMSELF SHARPLY CRITICIZED TO ME ALLEGED CANADIAN EFFORTS (WHICH THE CANADIANS DENY) TO LINK THEIR DESIRE FOR TOP WORLD FOOD PROGRAM POST WITH THEIR POSITION ON CONTRIBUTIONS. HE MAY BE ASSURED THAT UNITED STATES VIEWS CONCERNING FAO REFLECT OUR LONG-RANGE INTEREST IN THE ORGANIZATION AND THAT THE SAME IS TRUE OF OUR OFFER TO MAKE A GREATER NUMBER OF WELL QUALIFIED PERSONS AVAILABLE FOR FAO SERVICE.

15. THERE ARE ADDITIONAL MATTERS WHICH SAOUMA MIGHT WISH TO ADDRESS, I.E., THE WORLD FOOD COUNCIL, IFAD, ETC., BUT WE WOULD HOPE HE ALSO COULD LOOK AT THOSE SEPARATELY AND LATER. ANOTHER ISSUE, SAOUMA'S PROPOSED POST-HARVEST LOSSES FUND, ALSO WARRANTS SEPARATE CONSIDERATION. IN THE COAG MEETING (APRIL 20-28) WE WILL PROPOSE AN ALTERNATIVE, BUT CONSTRUCTIVE POSSIBILITY, AND WILL WORK CLOSELY WITH HIM IN ACHIEVING A SIGNIFICANT REDUCTION IN FOOD LOSSES. WE ARE ATTEMPTING TO BE PRACTICAL AND SUPPORTIVE IN THIS APPROACH AND HOPE YOU WILL USE YOUR UNIQUE SKILLS IN CONVEYING THIS TO THE DG. WE HOPE HE WILL MOVE QUICKLY TO MODIFY HIS PROPOSALS IN THE PROGRAM AND FINANCE COMMITTEE MEETINGS WHICH BEGIN APRIL 25.

16. FODAG. PHILLIPS EXPECTING MESSAGE. HE SHOULD HAVE COPY ASAP.
VANCE UNQUOTE CHRISTOPHER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 22-Sep-1999 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BUDGETS, DIPLOMATIC DISCUSSIONS, PROGRAMS (PROJECTS), INTERNATIONAL ORGANIZATIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 23-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE091895
Document Source: ADS
Document Unique ID: 00
Drafter: IO/AGR:PJBYRNES:JBS
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Expiration:
Film Number: D770141-1005
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t197704103/baaaevto.tel
Line Count: 578
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Message ID: 81273e9c-c288-dd11-92da-001cc4696bcc
Office: ORIGIN IO
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 11
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 14-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2669129
Secure: OPEN
Status: NATIVE
Subject: FAO PROGRAM OF WORK AND BUDGET 1978.79
TAGS: AORG, EAGR, US, FAO
To: ROME
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/81273e9c-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009